

**U.S. Department of Labor**

Office of Labor-Management Standards  
Denver District Office  
1999 Broadway, Suite 2435  
Denver, CO 80202-5712  
(720) 264-3232 Fax:(720) 264-3230



April 2, 2010

Mr. Michael Madsen, Secretary-Treasurer  
Letter Carriers, Branch 111  
2261 Redwood Rd., Suite 114  
Salt Lake City, UT 84119-1338

LM File Number: 081-372  
Case Number: [REDACTED]

Dear Mr. Madsen:

This office has recently completed an audit of Letter Carriers, Branch 111 under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). As discussed during the exit interview with you and Mike Wahlquist on March 3, 2010, the following problems were disclosed during the CAP. The matters listed below are not an exhaustive list of all possible problem areas since the audit conducted was limited in scope.

#### Recordkeeping Violations

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that labor organizations maintain adequate records for at least five years by which each receipt and disbursement of funds, as well as all account balances, can be verified, explained, and clarified. As a general rule, labor organizations must maintain all records used or received in the course of union business.

For disbursements, this includes not only original bills, invoices, receipts, vouchers, and applicable resolutions, but also documentation showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipient(s) of the goods or services. In most instances, this documentation requirement can be satisfied with a sufficiently descriptive expense receipt or invoice. If an expense receipt is not sufficiently descriptive, a union officer or employee should write a note on it providing the additional information. For money it receives, the labor organization must keep at least one record showing the date, amount, purpose, and

source of that money. The labor organization must also retain bank records for all accounts.

The audit of Branch 111's 2009 records revealed the following recordkeeping violations:

1. Failure to Record Receipts

Branch 111 did not record individual cash transactions associated with social activities. Branch 111 also failed to maintain adequate documentation for reimbursement receipts received from spouses who traveled with officers. For example, the union did not maintain bank deposit receipts for miscellaneous receipts. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

2. Meal Expenses

Branch 111 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$1,612. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Based on your assurance that Branch 111 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

### Reporting Violations

The audit disclosed a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations. The Labor Organization Annual Report Form LM-2 filed by Branch 111 for fiscal year ending December 31, 2009, was deficient in the following area:

#### Fixed Assets

A review of the fixed assets disclosures on the LM-2 reports for fiscal years 2007, 2008 and 2009 showed that depreciation was inaccurately reported. The union was provided with compliance assistance to accurately report fixed assets in the future.

I am not requiring that Branch 111 file an amended LM report for 2009 to correct the deficient items, but Branch 111 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Letter Carriers, Branch 111 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the compliance assistance materials provided to you are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,

A solid black rectangular redaction box covering the signature of the investigator.

Investigator

cc: Mr. Michael Wahlquist, President